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STATE FOR ISN/ECC - YWONG, ACHURCH, AND ROWEN  
STAE ALSO FOR EAP/TC - SBREMNER  
CBP/INA FOR DKING  
DOE FOR ENERGY/NNSA FOR TPERRY AND SJONES

E.O. 12958: N/A

TAGS: [ETTC](#) [MNUC](#) [PARM](#) [PREL](#) [KSTC](#) [KNNP](#) [TW](#)

SUBJECT: EXBS: TAIWAN MONTHLY REPORTING CABLE - JULY 2008

II. BROAD ITEMS OF INTEREST TO ADVISORS AND AGENCY MANAGERS:

1A. (SBU) Transfer of Intangible Technology Legislation: On July 20, the Advisor learned that the Executive Yuan (EY) withdrew twelve bills submitted by the former administration, including the proposed Sensitive Technologies Protection Law.

(SBU) According to an official from the National Science Council (NSC), the withdrawn technology transfer bill is the one that was originally proposed six years ago and revised several times since then. The NSC was notified by the EY of its intent to withdraw the bill before the public announcement in July. The official stated that withdrawal of pending legislation is standard procedure when a new administration takes office.

(SBU) The official explained that, for several months, the NSC has been working closely with the Legislative Yuan (LY) to draft new legislation which will be reviewed and approved by relevant agencies such as the Ministry of Economic Affairs (MOEA) prior to being submitted to the LY for passage.

The NSC official did not give a timeframe for submitting the legislation but predicted that the process for passage would be smoother this time around.

1B. (SBU) In late June and early July, several newspapers reported that Taiwan would consider allowing 12-inch wafer fabrication investment by Taiwan companies in China. The newspapers reported that the relaxation of investment restrictions would occur in the fall. The Advisor contacted the Bureau of Foreign Trade (BOFT) and the Industrial Development Bureau (IDB) of MOEA, and the NSC to confirm the news reports. Officials from all three offices stated that the news reports were premature and that Taiwan officials have not had interagency meetings to discuss the issue. In fact, IDB official stated that his office held one intra-office meeting to date to discuss increasing the wafer fabrication investment in China. The IDB official did indicate that Taiwan is moving in that direction. He explained that "core technology" would remain in Taiwan; that the move will increase Taiwan companies' competitiveness in China; and that the relaxation would follow the international trend in semiconductor manufacturing while adhering to Wassenaar Arrangement controls of dual-use items.

(SBU) None of the officials were willing to provide information on specific implementation plans or a timeline. They all stated that the process has several bureaucratic layers it must go through before reaching the EY, and that the process has not yet begun. Also, the officials stated that any change related to wafer fabrication investment would require LY approval.

II. COMPLETED ACTIONS FOR THE REPORTING PERIOD.

1A. SITE ASSESSMENTS AND MEETINGS DURING REPORTING PERIOD:

(SBU) On July 31, the Advisor attended the Keelung Field Practice on International Ship and Port Facility Security Disaster Prevention organized by the Keelung Harbor Police. Sixteen offices participated in the exercise including the Customs, the Harbor Police, the Harbor Bureau, the National Police, the Coast Guard, and the Ministry of National Defense. The half-day exercise simulated land, sea, and air rescue of a hostage situation, decontamination of hazardous material, and controlled detonation of explosives detected through mobile VACIS scanner. The observations from this exercise will be used to customize an upcoming EXBS HAZMAT Response training program.

#### IB. BLUE LANTERN:

No checks were conducted by the Advisor during the reporting period.

### III. TRAINING CONDUCTED DURING REPORTING PERIOD:

IA. (SBU) From July 8-10, the Advisor participated as a technical expert in an EXBS-funded U.S.-Vietnam program on Strategic Trade Control Licensing. Vietnam is beginning to develop a system to control exports of strategic items. Due to its growing investment in Vietnam, Taiwan is interested in sharing its export control systems development experience with Vietnam, especially in the area of industry outreach, as Vietnam is developing its own system.

IB. (U) From July 23-24, the EXBS held an Industry-Government Outreach Program in Taipei. Forty-five industry and 15 Taiwan official representatives attended the training. The attendees had an opportunity to view the internal control program (ICP) baseline software and get an update on Taiwan-specific ICP software development by BOFT and CTP, the State Department contractor that is leading the software development. The ICP was enthusiastically received by company representatives. Currently, Taiwan-specific software development is expected to be completed by December 2008. The software will be internet-based and hosted by BOFT on its website.

### III. UPCOMING TRAINING:

IA. (SBU) From August 6-7, along with an official from ISN/CTR, the Advisor will provide an update to Singapore interagency officials on changes to the Wassenaar Arrangement control list and U.S. implementation of those changes. This is the same update provided to Taiwan officials in March. Also, Taiwan is looking for opportunities to engage Singapore so that Taiwan can have a better understanding of how Singapore implements transit and transshipment controls of strategic items. Transit and transshipment controls is an area of export controls that Taiwan is continuing to develop.

IB. (SBU) On August 18, the EXBS Advisor will review South Korea's Yestrade, an internet-based license processing and internal control system, along with a State Department official from ISN/ECC. Since South Korea is a few steps ahead of Taiwan in setting up internal controls for companies and industry-government relations, Taiwan is interested in learning about Korea's experience in working with companies to set up internal controls.

### IV. UPCOMING MEETINGS:

(SBU) The Advisor is in the process of setting up meetings with officials from the Taiwan External Trade Development Council (TAITRA) to discuss Taiwan's trade missions to North Korea and Burma.

### VI. RED FLAG ISSUES:

None.

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YOUNG